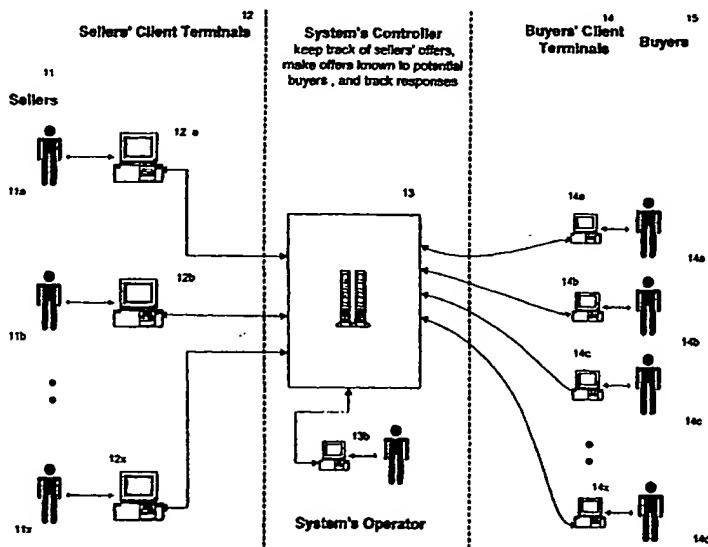




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## (54) Title: ON-LINE MARKETING SYSTEM AND METHOD



## (57) Abstract

The present invention provides a method and system that allows sellers (11) to communicate conditional offers to potential buyers (15). The conditions include prices that depend on the aggregate amount of goods or services that buyers (15) collectively agree to purchase by a given time and date. The invention facilitates "demand aggregation", that is, aggregating demand by potential buyers (who may or may not know each other), for products offered by sellers. This invention allows sellers (11) conveniently to offer "Demand-Based Pricing", that is, prices which go down as the volume of units sold in any given offer goes up. A seller (11a) can therefore offer volume discounts to buyers (15) acting as a group, even when the buyers (15) may not have any formal relationship with one another.

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1                   **On-Line Marketing System and Method**

2

3                   **Field of the Invention:**

4     The invention relates to electronic commerce utilizing the internet and more particularly  
5     to a method and system for marketing products and services utilizing the internet.

6

7                   **Background:**

8     The world Wide Web has provided a convenient mechanism for marketing products.  
9     Many web sites offer products for sale. Generally a potential customer viewing such a  
10    web site indicates a desire to buy a particular product by "clicking" on a particular  
11    location on the display screen. Some sites require a user to "register" by giving a  
12    name, address and credit card information. Later when a customer desires to buy a  
13    product the information entered during registration is used for billing and shipping.  
14    Other sites allow a customer to enter billing and shipping information after the  
15    customer has indicated a desire to purchase a particular product.

16

17    Some web sites allow a buyer to bid on products that are offered in the internet's  
18    equivalent of an auction. Other web sites allow a user to made an offer to buy  
19    products at a price specified by the buyer, much as an individual might make an offer  
20    to buy a product at a particular price in a face to face situation.

21

22    Web sites such as those described above in essence utilize the internet to automate a  
23    conventional buying process. The process takes place at great speed and the parties  
24    may be remote, but the fundamental transaction is conventional.

25

26    The present invention provides a new paradigm for conducting a marketing  
27    transaction. Quantity pricing is conventional. However, in a conventional quantity  
28    pricing situation, one buyer is offered a series of prices depending upon the number of  
29    products purchased. The present invention utilizes the idea of quantity pricing in a  
30    new way. The present invention utilizes the internet to aggregate potentially unrelated  
31    and potentially totally independent buyers into a buying group. By aggregating the  
32    buyers, each buyer receives the advantage of quantity pricing.

1    **Summary of the Invention:**

2    The present invention provides a marketing method and system that aggregates  
3    demand and provides demand based pricing. With the present invention sellers can  
4    communicate conditional offers to potential buyers. The conditions include prices that  
5    depend on the amount of goods or services that buyers collectively agree to purchase  
6    by a given time and date. The invention facilitates "demand aggregation", that is,  
7    aggregating demand by potential buyers (who may or may not know each other), for  
8    products offered by sellers. This invention allows sellers to conveniently offer  
9    "Demand-Based Pricing", that is, prices which go down as the volume of units sold in  
10   any given offer goes up. A seller can therefor offer volume discounts to buyers acting  
11   as a group, even when the buyers may not have any formal relationship with one  
12   another.

13

14    **Brief Description of the Drawings:**

15    Figure 1 is an overall diagram of the system.  
16    Figure 2 illustrates the elements on a web page for the preferred embodiment.  
17    Figure 3 is a high level flow diagram of the various operations that take place.  
18    Figure 4 is a program flow diagram of the a seller specifying an offer.  
19    Figure 5 is a program flow diagram of presenting offers on a web site.  
20    Figure 6 is a program flow diagram of a buyer joining a buying group.  
21    Figure 7 is a program flow diagram of a offer being accepted.  
22    Figure 8 is a program flow diagram of an offer being cancelled.  
23    Figure 9 is an overall diagram of an alternative embodiment.

24

25    **Description of Preferred Embodiments:**

26    As used herein the following terms have the meaning given below:  
27    "Product" -- means either a product or service.  
28    "Demand Aggregation" -- means consolidating demand by potential buyers for  
29         products offered by sellers.  
30    "Demand-Based Pricing" -- means prices that go down as the volume of units sold  
31         goes up.  
32    "Buying Team" or "Buying Group" -- means a group of buyers who participate in a  
33         given offer.  
34    "Team Buying" or "Group Buying" -- means multiple buyers coming together in a group  
35         to buy products in volume,

1 "Aggregate Demand" – means the total amount of products that buyers have indicated  
2 a desire to buy.

3 "Demand Threshold" or "Aggregate Demand Threshold" --- means the Aggregate  
4 Demand required for a product to be sold at a particular price.

5 "Maximum Demand Threshold" or "Maximum Aggregate Demand Threshold" ---  
6 means the Demand Threshold above which the price will not decrease further,  
7 irrespective of further increases in Aggregate Demand.

8 "Buying Cycle" -- means the period during which buyers can indicate a desire to  
9 purchase a product. At the end of a buying cycle, the demand is aggregated  
10 (counted) to determine the price at which the product is actually sold.

11 "Maximum Available Amount" -- means the maximum amount of a product that a seller  
12 is willing to sell during a Buying Cycle.

13 "System Operator" -- means an individual, company, party, entrepreneur or other entity  
14 that operates or is responsible for the computer system or web server that  
15 performs various calculations and operations hereinafter described.

16

17 An overall diagram of a first preferred embodiment of the invention is shown in Figure  
18 1. In general, the system connects sellers 11 with buyers 15 by means of a system  
19 controller 13. The sellers are designated 11a to 11x and are collectively referred to as  
20 sellers 11. The buyers are designated 15a to 15x and are collectively referred to as  
21 buyers 15. There can be many buyers and many sellers; however, the actual numbers  
22 of buyers and sellers is not relevant so long as there is at least one seller and one  
23 buyer.

24

25 The sellers 11 communicate with the controller 13 via terminals 12 (individually  
26 designated 12a to 12x) and the buyers 15 communicate with the controller 13 via  
27 terminals 14 (individually designated 14a to 14x). Typically but not necessarily  
28 communication is via the Internet. As is conventional, terminals 12 and 14 are  
29 connected to an ISP (Internet Service Provider) which provides access to the internet.  
30 Likewise controller 13 is connected to the internet via an ISP. The lines in Figure 1  
31 therefore represent logical information flow and not physical connections. The sellers  
32 11 and the buyers 14 can be described as being online.

33

34 Sellers' client terminals 14 can be any of the various types of terminals that are  
35 available such as computers, laptops, thin-clients, WebTVs, Interactive TVs, PDAs,

1 Information Appliances, or any other device that can be used by sellers to access the  
2 system's controller 13 over a network, so sellers can specify offers of goods and  
3 services

4

5 The system controller 13 is one or more conventional network servers running  
6 software to keep track of sellers' offers (including optional conditions); "intelligently"  
7 control appearance of the offers on one or more physical or "virtual" media (e.g. web  
8 sites); and appropriately track and/or process purchase requests by buyers who may  
9 see and respond to those offers.

10

11 The System Operator 13b utilizes a conventional client terminal to access and  
12 configure the system's controller 13 as is conventional with computer systems and  
13 network servers.

14

15 The buyers' client terminals 14 are any of the various conventional terminals that are  
16 used to access web sites such as computers, laptops, thin-clients, WebTVs, two-way  
17 TV, PDAs, information appliances, or any other devices that buyers can use to view or  
18 hear offers presented by controller 13. Buyers also respond to offers using client  
19 terminals 14.

20

21 Figure 2 is a diagram illustrating the elements on a web page 21 which the controller  
22 13 presents to buyers 15. It is noted that Figure 2 merely illustrates the fields that are  
23 relevant to a preferred embodiment of the invention. Figure 2 is not meant to illustrate  
24 the actual layout of a web page. An actual web page would be laid out in a creative,  
25 artistic fashion so as to present a pleasing visual appearance. The artistic nature of  
26 the visual appearance of the web page is not relevant to the present invention.

27

28 The fields or elements on web page 21 are:

29 a) A conventional heading and logo 22 may be included to identify who is sponsoring  
30 the web page, however, such a field is not actually necessary to the operation  
31 of the system.

32 b) A field 23 which describes the product being offered for sale.

33 c) A field 24 which lists the price of the product at various demand levels. For  
34 example, this field might indicate:

35 2 to 5 -- \$10.00

1               6 to 20 -- \$8.00  
2               21 or more -- \$4.00

3               In this example, the Demand Thresholds are 2, 6, and 21. The lowest Demand  
4               Threshold is 2, meaning that the offer will be cancelled unless at least two units  
5               are sold. The Maximum Demand Threshold is 21, meaning that the price will  
6               not drop any lower than \$4.00 in this offer. The price will drop to \$4.00 only  
7               when buyers order, in aggregate, at least 21 units during the buying cycle.

8  
9               This field can also specify a Maximum Available Amount. For Example, if the  
10          seller wanted to sell a maximum of 50 units (perhaps because only 50 items  
11          were in the seller's inventory), then the quantities and price could be specified  
12          as:

13               2 to 5 -- \$10.00  
14               6 to 20 -- \$8.00  
15               21 to 50 -- \$4.00

16               In this example, the Maximum Available Amount is 50.

17  
18          d) A field 25 which indicates the Aggregate Demand so far for this offer, that is, the  
19               total amount of the offered product that interested buyers have collectively  
20               indicated a desire to buy. Optionally this field may also indicate how many  
21               individual buyers have thus far indicated a desire to buy the product. And this  
22               field may also optionally indicate the Maximum Available Amount level for this  
23               offer.

24          e) A field 26 which indicates the date and time when the buying process or cycle will  
25               terminate.

26          f) A field 27 for various status messages.

27          g) A button 28 on which a user can "click" to indicate a desire to join the buying  
28               process.

29  
30          Web page 21 as described above relates to selling a single product. It should be  
31               noted that a single web page could offer multiple products. The fields described  
32               above could be repeated, one set of fields for each product, or each field could have  
33               information on multiple products. Furthermore, in addition to having the fields  
34               described above the web page 21 could include numerous other unrelated fields with  
35               other unrelated information or advertisements.

1  
2 Figures 3 is an overall flow diagram of the operation of the system. The process  
3 begins with a seller making an offer to sell a particular product at specified prices  
4 which depend upon the amount of the product that can be sold in a particular time  
5 period (block 31). For example, a seller might indicate that he would sell a particular  
6 type of soccer ball at the following prices:

7           2 to 5 balls --- \$10.00  
8           6 to 20 balls -- \$8.00  
9           21 to 50 balls -- \$4.00

10 In this example, the Demand Thresholds are 2, 6, and 21, the Maximum Demand  
11 Threshold is 21, and the Maximum Available Amount is 50. The seller specifies all of  
12 the above values. It is noted that the seller may choose not to specify a Maximum  
13 Available Amount. If no Maximum Available Amount is specified then the last line in  
14 the above example would read: "21 or more balls -- \$4.00".

15  
16 The seller might also specify that the buying cycle will last for 48 hours. That is, the  
17 number of purchase requests at the end of 48 hours will determine the price at which  
18 the item will be sold and no purchase requests will be accepted after 48 hours. The  
19 seller could alternatively specify a date and time, such as December 15, 1999, 2pm.

20  
21 Next, if the time or date limit of the offers has not passed (block 32) the system  
22 displays the offer on one or more web sites (block 33). The display will have the  
23 elements of information shown in Figure 2. A buyer who sees the offer on a web site  
24 can then indicate a desire to join the Buying Team for this offer by "clicking" button 28.  
25 At this point the buyer will provide billing and shipping information (unless it was  
26 previously provided during a registration process) and the buyer must indicate the  
27 amount of product desired (block 34). This is the individual buyer's "demand" level for  
28 this offer.

29  
30 At this point the system checks (block 35) to determine if the Buying Team's Aggregate  
31 Demand (which is calculated by summing all of the buyers' individual demand levels  
32 for this offer) is still less than the Maximum Available Amount previously specified by  
33 the seller (block 31). (If the seller did not specify a Maximum Available Amount, the  
34 system considers the Maximum Available Amount to be unlimited, and considers the  
35 answer to the question in block 35 to be "Yes". That is, the Aggregate Demand is

1 assumed always to be less than the Maximum Available Amount if no Maximum  
2 Available Amount was specified.)  
3  
4 If the Buying Team's Aggregate Demand is less than the Maximum Available Amount  
5 (block 35) then the system goes back and checks if the time and date limits still have  
6 not passed (block 32). If the time or date limit still has not passed, the system  
7 continues to present the offer on one or more web sites (block 33).  
8  
9 If (at block 35) the Buying Team's Aggregate Demand is not less than the Maximum  
10 Available Amount – i.e. if all of the items have been sold -- then the offer will be  
11 accepted (block 37), and buyers and sellers will be notified.  
12  
13 Note that, while Figure 3 shows the system checking the time and date limits (block  
14 32) after a buyer joins a Buying Group, the system will additionally regularly check the  
15 time and date limit (block 32), ideally checking every minute. (On computer operating  
16 systems and environments like Unix, Windows NT, and Java, regular tasks like these  
17 can be performed using an independent software process or thread that runs in  
18 parallel with the rest of the system's processes or threads.)  
19  
20 Any time the system checks the offer's date or time limits (block 32), if the offer's date  
21 or time limit has passed (for example, if the seller specified that the offer must end by  
22 2pm Dec. 25, 1999, and that time and date have passed), then the system proceeds to  
23 check if any of the Demand Thresholds previously specified by the seller (block 31)  
24 have been met or exceeded by the Buying Team's Aggregate Demand (block 36). To  
25 do this, the system checks if the Aggregate Demand (which is the total amount of  
26 product all of the buyers in the Buying Group have, collectively, expressed a desire to  
27 buy) meets or exceeds the lowest Demand Threshold for the offer. In the soccer ball  
28 offer example above, the lowest Demand Threshold was 2. (The seller offered to sell  
29 2-5 balls for \$10.) So in that example, the system would check if all the buyers in the  
30 Buying Team collectively expressed a desire to buy, in aggregate, at least 2 balls.  
31  
32 If the Aggregate Demand does meet or exceed the lowest Demand Threshold (block  
33 36) then the offer can be accepted (block 37) and the buyers and sellers are notified.  
34 Otherwise the offer is cancelled (block 38) due to insufficient demand, and the buyers  
35 and sellers are so notified.

1  
2 In a situation where offers are accepted (block 37) the buyers' credit cards are  
3 charged, the product is shipped to the buyers, and commissions are calculated and  
4 paid. If for example the system is being operated by one entity and the products are  
5 actually being sold by a different entity, the system operator may receive a pre-  
6 negotiated commission and the actual seller will receive the remainder of the selling  
7 price.

8  
9 Detailed program flow diagrams of the operations shown in Figure 3 are given in  
10 Figures 4 to 8. Figure 4 is a program flow diagram for the operation of the system as  
11 the seller specifies an offer to sell a product. After the seller enters the web site (block  
12 41) the seller registers (block 42) if he has not previously registered. In order to  
13 register, the seller provides contact information and credit information (including social  
14 security or business ID), so that the system operator can verify the seller's authenticity  
15 and credit worthiness and (if the seller looks reliable) authorize the seller to have  
16 access to the system. The system operator will provide the seller with an ID and  
17 password so the seller can log into the system. In alternative embodiments, the  
18 system's controller 13 (i.e. the system's computer servers, database, and server  
19 software) can be set to automatically check the seller's credit history, and  
20 automatically generate the Seller's ID and password or let the seller create his or her  
21 own ID and password.

22  
23 After the seller is registered, the seller logs into the system (block 42), using his or her  
24 ID and password, and indicates whether he or she would like to enter the specification  
25 for a Team Buy Offer (i.e. to offer one or more units of a product or service to one or  
26 more buyers), or modify the specification for a previously entered offer (block 43).

27  
28 If the seller chooses to enter a new Group Buy offer or modify a previously entered  
29 one, the seller proceeds to enter a set of information that defines the offer.

30  
31 The seller starts by entering (or modifying) a description of the offer (block 44). For  
32 example, the seller might provide text (or a recorded voice) saying, "200 Brand A  
33 widgets for sale". Next the seller specifies a Maximum Demand Threshold and a  
34 corresponding price (block 45). For example, the seller might indicate that a particular  
35 widget will be sold for \$310 each if 200 can be sold during the offer. The seller can

1 also specify additional lower Demand Thresholds and prices. For example, the seller  
2 could indicate that a particular widgets will be sold for \$325 each if the Aggregate  
3 Demand is 100 or more units but less than 200 units. That is, if potential buyers wind  
4 up expressing a desire to buy (in aggregate) between 100 and 199 units, the seller will  
5 sell those units for \$325 each, and if the potential buyers wind up expressing a desire  
6 to buy (in aggregate) 200 or more units, the seller will lower the per-unit price to \$310  
7 each. Finally a seller has the option of also indicating a Maximum Available Amount of  
8 product available for sale during the offer. For example, if the seller only has 300 units  
9 in inventory, the seller could set the Maximum Available Amount level to 300.

10  
11 The seller also specifies a date and time limit for this offer (block 46). For example, the  
12 seller might indicate that if the lowest Demand Aggregation Threshold (100 units in the  
13 above example) is not met by noon on a certain date, the offer will be cancelled. The  
14 seller also has the option of not setting a date and time limit. However, providing a  
15 date and time limit gives buyers an incentive to act sooner, and makes it easy –  
16 automatic, in fact -- for the seller to cancel the offer if there is not enough demand to  
17 satisfy the seller.

18  
19 The seller can then choose to specify additional Group Buy Offers, or modify a  
20 previously specified offer (block 47). After the seller enters an offer to sell, the system  
21 13 presents the offer on one or more web sites (block 33) until the date or time limit  
22 passes (block 32) or the Aggregate Demand rises to the Maximum Available Amount  
23 (block 35) specified by the seller (blocks 45 and 46), if one was specified. In the  
24 preferred embodiment, the system 13 presents one or more sellers' offers on one or  
25 more web sites with web pages similar to web page 21. The web pages are accessed  
26 by buyers 15 through terminals 14a to 14x.

27  
28 Presenting an offer on a web site involves displaying several pieces of information  
29 associated with the offer. In the preferred embodiment, the system 13 presents offers  
30 on one or more web sites as in accordance with the program flow diagram shown in  
31 Figure 5. For each offer presented, the system will display the following information as  
32 entered by the seller or as calculated by the system controller 13: the offered product's  
33 description (block 51); the Demand Thresholds and associated Prices (block 52) and  
34 the Maximum Available Amount (if one was specified by the seller); the Aggregate  
35 Demand so far (block 53) – i.e. the total amount that potential buyers have expressed

1    an interest in buying (in aggregate) since the start of the offer; and optionally, the  
2    number of buyers in the Buying Group so far (block 53); the date and time limit for the  
3    offer (block 54) as entered by the seller (46); an optional status message (block 55)  
4    (e.g. "Just 2 days left! We need to sell twelve more units to get the best discount  
5    price!"); and a "Join Buy Team" button (block 56 ) that potential buyers can click if they  
6    are interested in joining the buying group for this offer. In an alternative embodiment,  
7    potential buyers can click on another part of the screen displaying the offer to indicate  
8    their interest in participating in the offer. In such an embodiment, the "Join Buy Team"  
9    button would be optional. (The "Join Buy Team" button can also go by other names,  
10   such as "Buy Now" or simply "Buy".)

11

12   Figure 6 is a program flow diagram of the operations that occur when a potential buyer  
13   joins a buying team (Block 34). If a potential buyer sees an offer displayed on a web  
14   site (block 61), and wants to participate in the offer, the potential buyer can indicate a  
15   desire to join a Buying Group (62 and 62b) by clicking on the "Join Buy Team" button.  
16   In that case, the system proceeds to walk the potential buyer through the process of  
17   signing up to join the Buying Group for this offer (also known as the "Buying Team" in  
18   this document).

19

20   The system will present forms (block 64) to collect information from the potential buyer,  
21   presenting the forms either on the same web page where the offer was presented or  
22   on separate web pages linked to that first web page. The buyer enters the amount  
23   (e.g. the volume or number of units) they are interested in buying if this offer goes  
24   through (block 65). This is the potential buyer's individual "demand" level. For  
25   example, if the offer is for soccer balls, the user might indicate an interest in buying 5  
26   balls. The potential buyer also provides his or her billing information (for example,  
27   credit card number and expiration date and billing address), shipping address, and  
28   contact information (block 66). Preferably an e-mail address is provided as part of the  
29   contact information. The potential buyer then gets a chance to confirm whether he or  
30   she really wants to join the Buying Group after all (block 67).

31

32   When the potential buyer confirms his or her interest in joining the Buying Group (block  
33   67b), then the system stores the collected data in a central database (part of the  
34   software on the servers 13) and the system recalculates the Aggregate Demand for  
35   this offer (block 68). The Aggregate Demand is the sum of each Buying Group

1 member's individual demand level. For example, if there are three members in a  
2 Buying Group so far for the Soccer Ball example mentioned earlier, with the first  
3 expressing an interest in buying 5 balls, the second indicating an interest in buying 1  
4 ball, and third indicating an interest in buying 20 balls, then the Aggregate Demand so  
5 far is  $5+1+20 = 26$  balls. If the seller is selling wheat instead of soccer balls, then the  
6 Aggregate Demand might be expressed in lbs. of wheat instead of # of balls. Likewise  
7 the demand could be in terms of hours of a particular service that is being offered.

8

9 The system will not allow a buyer to request more units than are available – i.e. more  
10 units than the Maximum Available Amount specified by the seller, factoring in the  
11 Aggregate Demand already expressed by other Buying Group members plus the  
12 number of units requested by the new potential buyer. If the new potential buyer  
13 requests too many units, the system will display a message on the web site telling the  
14 new potential buyer how many units are left, and then allow the new potential buyer to  
15 re-enter a lower desired number of units (block 65). Naturally in some situations a  
16 seller might have a virtually unlimited number of units available if at least a certain  
17 number of products are ordered.

18

19 As described earlier, and as indicated by blocks 32, 35, and 36, the system monitors  
20 aggregate demand, and time and date limits, during each offer's buying cycle. If the  
21 Buying Team's Aggregate Demand rises to the Maximum Available Amount (block 35)  
22 for an offer, or if the time or date limit has passed (block 32) but Aggregate Demand  
23 has risen to at least the lowest Demand Threshold (36) by that time, then the system  
24 proceeds to the "Offer Accepted" stage (block 37). However, if the time and date  
25 threshold pass (block 32), and the Aggregate Demand is still below the lowest  
26 Demand Threshold (block 36) at that time, then the system proceeds to the "Offer  
27 Cancelled" stage (block 38).

28

29 For example, suppose a seller offered 250-499 soccer balls for \$15 each or 500-700  
30 soccer balls for \$10 each, with a Maximum Available Amount of 700. If the Aggregate  
31 Demand (that is, the total number of balls collectively desired by all members of this  
32 offer's Buying Group) reaches 700 (the Maximum Available Amount) before the Date &  
33 Time limit pass, the system would recognize that (block 35) and proceed to the "Offer  
34 Accepted" stage (block 37). If the Date & Time limits pass (block 32) and the  
35 Aggregate Demand has reached 265 (higher than the lowest Demand Threshold of

1    250), then the system would recognize that (block 36) and also proceed to the "Offer  
2    Accepted" stage (block 37). But if the Date & Time limits pass (block 32) and the  
3    Aggregate Demand has only reached 112 balls by then (less than the lowest Demand  
4    Threshold of 250), then the system would recognize that (block 36) and proceed to the  
5    "Offer Cancelled" stage (block 38).

6

7    In the "Offer Accepted" processing stage (the programming block diagram of which is  
8    shown in Figure 7), the system first stops presenting the offer (block 71) anywhere it  
9    had been presenting the offer. The system displays a message on those web sites  
10   indicating that the offer had been completed successfully.

11

12   The system then uses the Aggregate Demand (calculated at block 68), and the set of  
13   Demand Thresholds and associated prices provided by the seller when setting up the  
14   offer (block 31), to determine the final price each buyer will have to pay for the product  
15   being offered (block 72).

16

17   For example, if a seller offered 250-499 soccer balls for \$15 each or 500-700 soccer  
18   balls for \$10 each, and if the Buying Group members express a desire to buy (in  
19   aggregate) 272 soccer balls (i.e. their Aggregate Demand is 272), then the price they  
20   would have to pay would be \$15 per ball. But if the Aggregate Demand by the end of  
21   the offer period met or exceeded 500 units, they would only have to pay \$10 per ball.

22

23   After determining the final price (block 72), each potential buyer is charged (block 73)  
24   using the credit card information previously supplied by each buyer (block 66). Each  
25   buyer is charged the price times the number of units they are buying (as they indicated  
26   previously in block 65), plus any applicable tax and shipping & handling charge (if  
27   any). The system keeps track of which buyers were successfully charged. In some  
28   cases, credit card charges may not go through – for example, if a potential buyer's  
29   credit card has expired or is over its credit limit. In alternative embodiments, the  
30   system can automatically create invoices for buyers who prefer to be billed rather than  
31   paying by credit card.

32

33   The system notifies the seller that the offer has gone through, and provides the  
34   shipping and contact information for each successfully charged Buyer (block 74). The  
35   seller then ships the number of units requested by each successfully charged buyer

1 (block 65) to that buyer. In alternative embodiments, the Seller could ship all of the  
2 units, in bulk, to a fulfillment company or to the System operator, who would handle  
3 shipping subsets of the units to individual Buyers.

4

5 In the case where the thing being purchased is a service, rather than a product, the  
6 seller would perform the purchased service for the buyer, rather than shipping any  
7 product.

8

9 Finally, successfully charged buyers are notified that the offer has been accepted, that  
10 they have been charged, and that the products are on their way (block 75). Potential  
11 buyers who were not successfully charged are notified (block 75) about the  
12 unsuccessful charge and no product is shipped to them.

13

14 As described above, if an offer's Time & Date limit passes (block 32) and Aggregate  
15 Demand is still below the lowest Demand Threshold (block 36), then the system  
16 proceeds to the "Offer Cancelled" processing stage (block 38). When this occurs, the  
17 system stops presenting the offer (block 81) anywhere it had been presenting the offer.  
18 The system can display a message on those web sites indicating that the offer has  
19 been cancelled. The seller is notified that the offer has been cancelled because of  
20 insufficient demand (block 82). Finally, potential buyers who had expressed interest in  
21 joining the Buying Group for this offer are notified that the offer has been cancelled  
22 because of insufficient demand (block 83).

23

24 The embodiment illustrated in Figure 1 displays the offers on a web site run by the  
25 System Operator on a web server that is part of the system controller 13. For  
26 example, if XYZ Corp. wanted to offer group discounts on their own web site, using  
27 their own software to manage the process, they would implement a system like the  
28 one illustrated in Figure 1. The embodiment shown in Figure 1 could also be used to  
29 display offers on more than one web site hosted on the same servers used for the  
30 system controller 13.

31

32 Various other alternative embodiments of the invention are possible. Figure 9  
33 illustrates one alternative embodiment of the invention. Figure 9 illustrates an  
34 embodiment of the system that displays offers on one or more web sites (usually more

1 than one) run by other web-site operators who may differ from the System Operator,  
2 on web servers that are not part of the system controller 13.

3

4 For example, if ABC Corp. wants to present Group Buy offers on a network of affiliate  
5 web-sites (BBB Corp. site, CCC Corp. site, and others), ABC Corp. would use the  
6 embodiment shown in Figure 9. The embodiment shown in Figure 9 includes an extra  
7 layer of external web-sites and web-site operators. This embodiment can be used to  
8 display offers on one or more (i.e. multiple) web-sites 95 (generically referred to herein  
9 as media generators) run by parties 94 other than the System Operator 93b. Thus,  
10 four different parties can be involved in each potential sale. There is a seller 91, a  
11 System Operator 93b, a web site operator 94, and a buyer 97.

12

13 If the parties are all distinct from one another, the System Operator 93b and each  
14 Media Generator Operator 94 will (in a preferred version of this embodiment) receive a  
15 commission or royalty on each sale facilitated through each Media Generator  
16 Operator's web site 95. Using the above example, ABC Corp. could create a Group  
17 Buy offer for a certain product, using a system like the one illustrated in Figure 9  
18 (operated by a potentially unrelated Operator 93b) to present those offers on multiple  
19 affiliate web sites including BBB Corp.'s web site and CCC Corp.'s web site. If enough  
20 demand is aggregated in time for that Group Buy offer to be accepted, then the  
21 System's Controller 93 will charge the buyers (including shipping and sales tax), pay  
22 BBB Corp. and CCC Corp. a commission based on the number of items sold through  
23 their respective web sites during this offer and the price of those items (or a fixed  
24 amount per item), retain another commission for the System's Operator 93b based on  
25 the total number of items sold through this offer and the price of those items (or a fixed  
26 amount per item), and pay the Seller 91 the remainder.

27

28 Naturally while all the different parties may be unrelated, in some situations some of  
29 the parties may be somehow related or in fact may be the same entity. One important  
30 example would be a Seller who wants to offer Group Buy offers through its own web  
31 sites, using a System Controller 93 that is run by an outside System Operator 93b. In  
32 this case the Media Generator Operator 94 and the Seller 91 are the same entity. The  
33 System's Operator 93b is a separate entity, offering its services (the ability to run  
34 Group Buy offers) to the Seller. In this case, when offers are accepted, the System's  
35 Controller 93 would simply retain a commission for the System's Operator 93b, and

1 pay the Seller the remainder (rather than having to pay an additional commission to  
2 unrelated Media Generator Operators).

3

4 The embodiment shown in Figure 9 includes media generators 95 and media  
5 generator owners or operators 94. In this embodiment sellers 91, sellers terminals 92  
6 system controller 93 and buyer's terminals 96 are similar to the corresponding  
7 elements shown in Figure 1.

8

9 Media generators 95 are conventional internet web-server(s) that accept information  
10 from system controller 93 and respond by displaying one or more of sellers' offers on  
11 some part of a web site (where display can change for each viewer over time), and by  
12 accepting input from buyers who may respond to those offers. The media generator  
13 owners or operators 94 are web-site owners or operators who choose to have system  
14 controller 93 present offers and accept buyer responses through parts of their web  
15 sites. The media generators 95 are run by one or more operators 94. One or more  
16 potential buyers 97 can then view the offers on the web sites using their web browsers  
17 (96). In the preferred embodiment, either the seller 91 or the System Operator 93b or  
18 the operators 94 of the media generators 95 can configure the system to display either  
19 all offers currently being managed by the system controller 93 or some subset of those  
20 offers.

21

22 In other alternative embodiments, the offers can be displayed on various kinds of  
23 "media generators" 95 besides standard web sites – media generators being  
24 interactive presentation devices like hand-held devices, interactive television, cell  
25 phones, and so on.

26

27 In one alternative embodiment, the system periodically checks if an offer's time and  
28 date limit is near. If it is, and if there are almost enough potential buyers to reach the  
29 next Demand Threshold for the offer, then the system automatically notifies the current  
30 Buying Group members that they should tell their friends and family about the offer in  
31 order to get more Buyers to join the Buying Group. For example, the system could e-  
32 mail a message stating something like, "We just need 5 more people to join the Buying  
33 Team in order to get the Soccer Balls for only \$10 each... Tell your friends!". This  
34 information can also be displayed on any web page where the offer is displayed, and  
35 the system can also display a "Tell your friends" button next to a box where people can

1 type their friends email addresses. When the button is clicked, the friends are sent an  
2 email message telling them about the offer and telling them how to join the Buying  
3 Group.

4  
5 The preferred embodiment of this invention described above allows one or more  
6 sellers to present one or more Team Buy offers to one or more potential buyers  
7 through one or more web sites. An alternative embodiment will be a simpler  
8 embodiment in which a single seller offers a volume discount on one product to one or  
9 more buyers through the seller's own web site. For example, an online retailer  
10 company (hereinafter referred to as XXE) could use this simpler embodiment of this  
11 invention to offer a volume discount on XXE's own web sites using the system of the  
12 present invention to present the offer. For example XXE could offer a toy with the  
13 description "Mr. XYZ at half off if we sell 200 units by Tuesday!". A system in  
14 accordance with the present invention would automatically accept indications of  
15 interest (i.e. aggregate demand) from one or more people who are interested in joining  
16 the Buying Group for that offer.

17  
18 Other embodiments of the invention could also allow sellers or the system operator  
19 13b to place more constraints on the offers. For example, they might place a limit on  
20 how many units any single buyer can request. For example, a soccer ball retailer who  
21 is offering a great deal on soccer balls in order to attract new customers might limit  
22 potential buyers to 2 balls each, so as to attract many new customers, rather than  
23 allowing just one or two customers to buy all of the soccer balls at the great price.

24  
25 In still other embodiments of this invention, sellers could specify different types of  
26 thresholds. For example, sellers could offer a special price if enough people agree to  
27 purchase exactly 500 units (in aggregate) of a given item (e.g. because the seller has  
28 exactly 500 units to sell). Or they could offer a special price if potential buyers agree  
29 to purchase at least 500 units (in aggregate) if the deal goes through (e.g. because the  
30 seller has more than 500 units available for sale).

31  
32 Another embodiment of the present invention allows sellers to set both a minimum  
33 number of buyers as well as a minimum volume of goods or services sold, and allows  
34 the seller to set limits on the amount any one buyer could buy for a given offer. For  
35 example, a seller might offer 500 computer modems, and specify "maximum of two

1 modems per person". Alternatively a seller might offer 300 passes to an amusement  
2 park, requiring 300 individual buyers (rather than allowing more than one pass per any  
3 given buyer). In another alternative a seller might offer 200 modems to up to 100  
4 buyers (either without specific restrictions on the number each buyer could buy, or with  
5 a limit of, say, up to 5 modems each).

6

7 Still other embodiments of the present invention can allow sellers to offer services as  
8 well as goods. For example, "I'll wash 100 cars for \$5 each." or "Our law firm will do  
9 incorporation work for 200 companies, at only \$1000 per company".

10

11 In yet another embodiment, the system could allow buyers to express an interest that  
12 is conditional. That is, the system can allow a buyer to specify that the buyer will buy  
13 the product only if the demand is sufficient to lower the price to a particular level. In  
14 such an embodiment, the system would have a "buy button" as shown in Figure 2 and  
15 one or more additional buttons that would allow a potential buyer to indicate that the  
16 order being placed is conditional upon the price reaching a particular level associated  
17 with the particular button.

18

19 The method and apparatus of the present invention have applications on the Internet  
20 as well as in conventional communications systems such as voice telephony and other  
21 communications systems such as two-way television (a.k.a. interactive television) and  
22 WebTVs. Any device that can present information (visually, audibly, or otherwise) can  
23 be used to present offers. Any device that can accept input from people (directly or  
24 indirectly through other devices) can be used to accept indications of interest.

25

26 The preferred embodiments of this invention utilize the internet and standard computer  
27 tools used to build high-scale Internet-based services that include financial  
28 transactions. Several companies, including Microsoft Corporation, Netscape  
29 Communications, and Oracle, provide commercially available tools and documentation  
30 that are frequently used by programmers to implement high-scale web applications. A  
31 skilled programmer with access to these tools and documentation could follow the  
32 specifications described herein and build a system that utilizes the present invention.

33

34 The term "system operator" as used herein does not necessarily refer to an individual.  
35 The term refers to an entity or enterprise (which could be an individual) who operates

1 the System Controller 13 (or 93) that accepts orders and makes the previously  
2 described calculations. In the embodiment shown in Figure 1, the system operator's  
3 server also hosts the web pages that are viewed by potential buyers. In the  
4 embodiment shown in Figure 9, the web pages viewed by potential buyers are hosted  
5 on servers that can be owned or operated by individuals or entities that differ from the  
6 entity that owns or operates the server that hosts the controller 93.

7

8 The products offered for sale using the various embodiments of the invention can be  
9 products that are offered for sale by the System Operator. Alternatively, the System  
10 Operator can merely provide facility that is used by others to offer products for sale. If  
11 it is the System Operator that is offering products for sale, when an offer is accepted,  
12 the System Operator (or an agent of the System Operator) will ship the product to the  
13 buyer. If the System Operator is merely providing a facility for others to offer products  
14 for sale, when an offer is accepted, the product will typically be shipped to the Buyer  
15 by the actual Seller (or by an agent for the Seller). In such a case the System  
16 Operator will only receive a commission for operating the system and the remainder of  
17 the purchase price will go to the actual Seller.

18

19 In the embodiments thus far described, the buyers are charged by means of a credit  
20 card. Other alternative methods of payment can also be used. For example, the seller  
21 could invoice the buyer, or potential buyers could be required to maintain a deposit  
22 account with the system operator. In yet other embodiments, various other payment  
23 mechanisms could be employed.

24

25 The System Operator can be an entrepreneur who owns and operates a computer  
26 system and business that allows sellers to display conditional offers to buyers and  
27 which handles the associated computations and data base operations. Alternately,  
28 the System Operator may be an entrepreneur who merely conducts the business  
29 operations and who rents space on a computer or web server owned by another party  
30 who handles the computer operations for the business. The term System Operator is  
31 herein used to refer to the person, company or entrepreneur responsible for the overall  
32 operation of the system irrespective of whether or not the System Operator owns and  
33 operates system controller 13 (or 93) or if there is some other the business relationship  
34 between the entrepreneur responsible for the system and the party or entity that owns

1 or operates the actual computer systems and web servers that provide the functions of  
2 system controller 13 or 93.

3

4 It is also noted that in the embodiment shown in Figure 1, the system controller 13  
5 consists of server hardware running database software, software for performing the  
6 logic in Figures 3 to 8, and web server software for hosting one or more web sites. In  
7 the embodiment shown in Figure 9, the system Controller 93 includes the hardware,  
8 database software, and software to perform the described logical operations, but (as  
9 illustrated) it does not necessarily include web server software. Instead as illustrated  
10 in Figure 9, the system controller 93 communicates with outside server hardware 95  
11 that runs web server software. It is however noted that, optionally, one or more of the  
12 media generators 95 could in fact be in the same physical hardware as the system  
13 controller 93.

14

15 It should be understood that while various preferred embodiments of the invention  
16 have been described, those skilled in the art could make various changes in form and  
17 detail without departing from the spirit and scope of the invention. Applicant's  
18 invention is limited only by the scope of the appended claims.

19

1

2 I claim:

3

4 1) A system for connecting buyers and sellers comprising,  
5 online means for sellers to enter into said system conditional offers which specify a  
6 particular sales price if a certain number of products are purchased,  
7 online means for buyers to indicate an acceptance of a sales offer, and  
8 means for calculating in real time if the buyers' response meets the conditions of a  
9 seller's offer and for billing buyers and notifying sellers.

10

11 2) The system recited in claim 1 operating in accordance with a limited time buy cycle  
12 whereby orders for a particular product are only accepted for a limited period of time.

13

14 3) The system recited in claim 1 wherein said system makes available said offers to a  
15 plurality of web sites.

16

17 4) The system recited in claim 1 wherein said online means are terminals connected to  
18 the internet.

19

20 5) The system recited in claim 1 where said conditions include different prices for  
21 different quantities of products.

22

23 6) The system recited in claim 1 wherein said means for calculating is a server.

24

25 7) A system for aggregating demand from buyers comprising,  
26 a controller, web pages which display offers for sale, said offers specifying pricing  
27 which is dependent upon the number of products purchased in a specified time period,  
28 seller terminals which communicate with said controller whereby sellers can enter and  
29 transmit to said controller conditional offers of sales offers,  
30 buyer terminals which communicate with said controller whereby buyers can indicate  
31 to said controller that they want to accept a conditional sales offer,  
32 said controller calculating the price for a product dependent upon aggregate amount of  
33 said product that buyers have collectively indicated a willingness to purchase.

34

35 8) the system recited in claim 7 wherein said controller comprises a server.

- 1  
2    9) The system recited in claim 7 wherein said seller terminals and said buyer terminals  
3    communicate with said controller via the internet.
- 4  
5    10) A method of marketing products that operates in accordance with a limited time  
6    buy cycle that comprises the steps of ,  
7    providing potential buyers with conditional sales offers which specify a price dependent  
8    upon the number of products purchased in said limited time period,  
9    aggregating orders from buyers during said limited time to determine the price of a  
10   product,  
11   communicating to said buyers and said sellers the price at the end of a buy cycle.
- 12  
13   11) A system for aggregating demand from buyers comprising,  
14   a controller operated by a first entity,  
15   a plurality of web servers operated by entities which differ from said first entity,  
16   web pages on said web servers which display offers for sale, said offers specifying  
17   pricing which is dependent upon the number of products purchased in a specified time  
18   period,  
19   seller terminals which communicate with said controller whereby sellers can enter and  
20   transmit to said controller, conditional offers of sales offers,  
21   buyer terminals which communicate with said controller whereby buyers can indicate  
22   to said controller that they want to accept a conditional sales offer,  
23   said controller calculating the price for a product dependent upon the aggregate  
24   amount of said product that buyers have collectively indicated a willingness to  
25   purchase.
- 26  
27   12) The method recited in claim 10 wherein a system operator provides a system for  
28   communicating conditional offers for sale from sellers to buyers.
- 29  
30   13) The method recited in claim 12 wherein the system operator receives a  
31   commission on the price paid by buyers to sellers.
- 32  
33   14) The method recited in claim 12 wherein said conditional sales offers are displayed  
34   on web sites operated by site operators, and wherein said system operator and said  
35   site operators receive a commission on the price paid by buyers to sellers.

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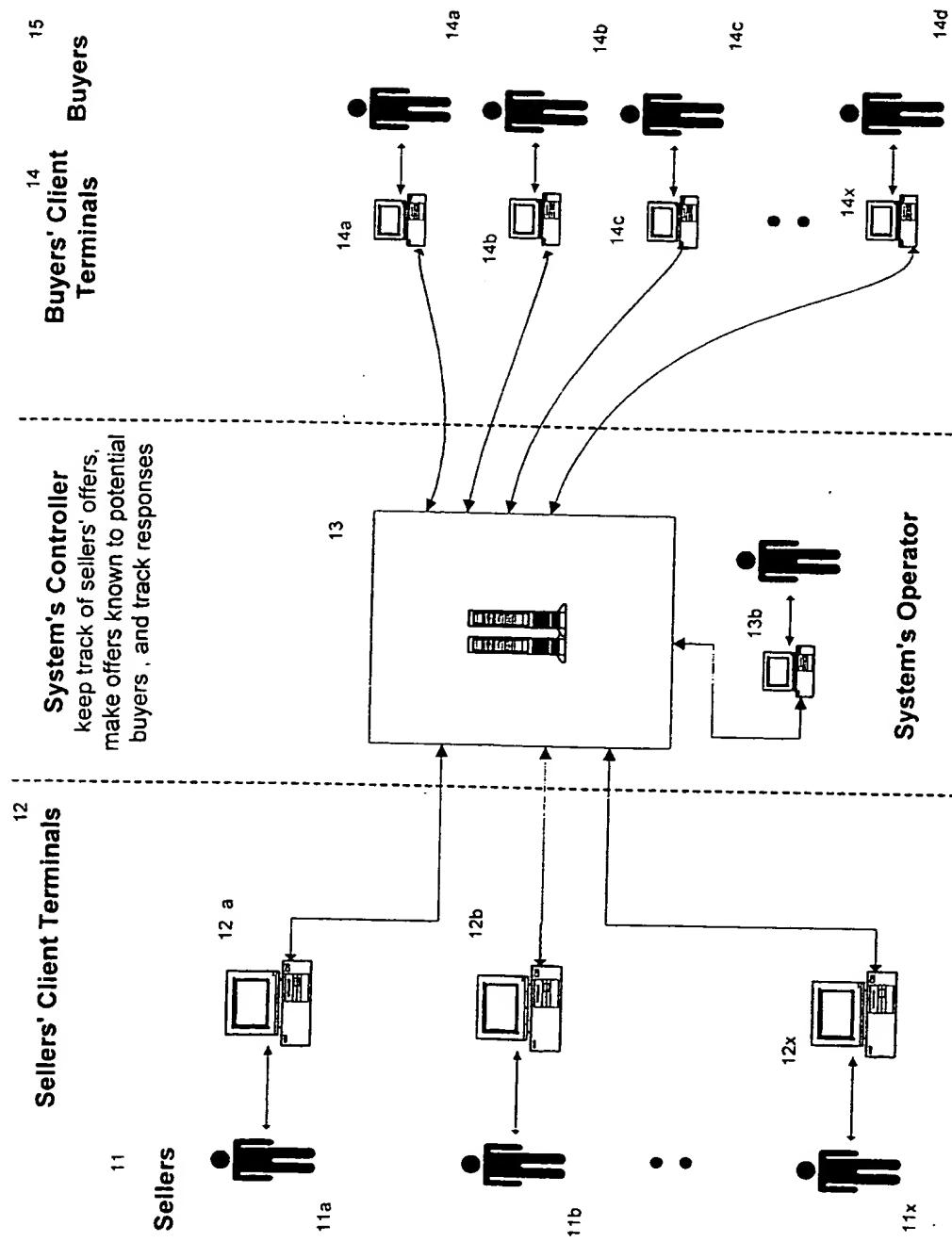
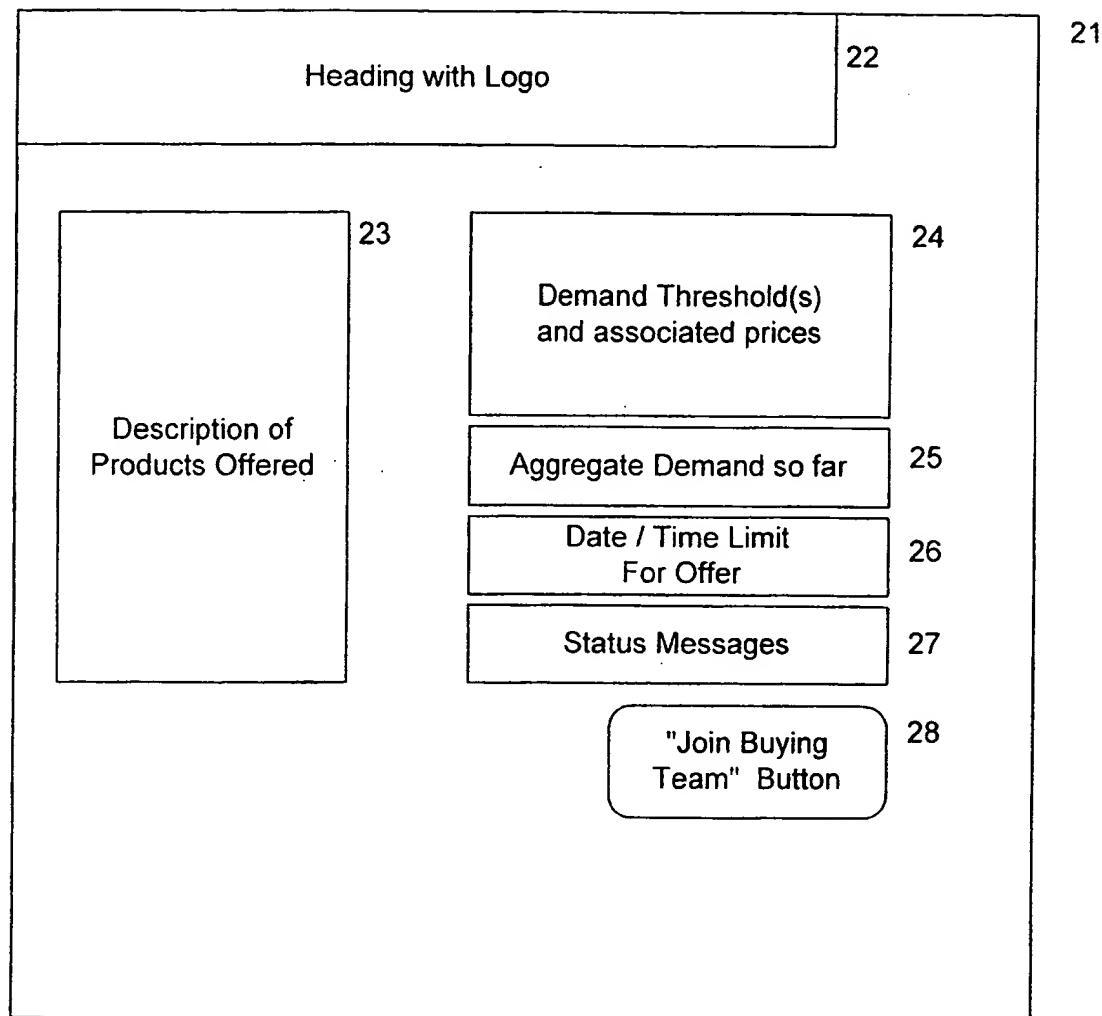
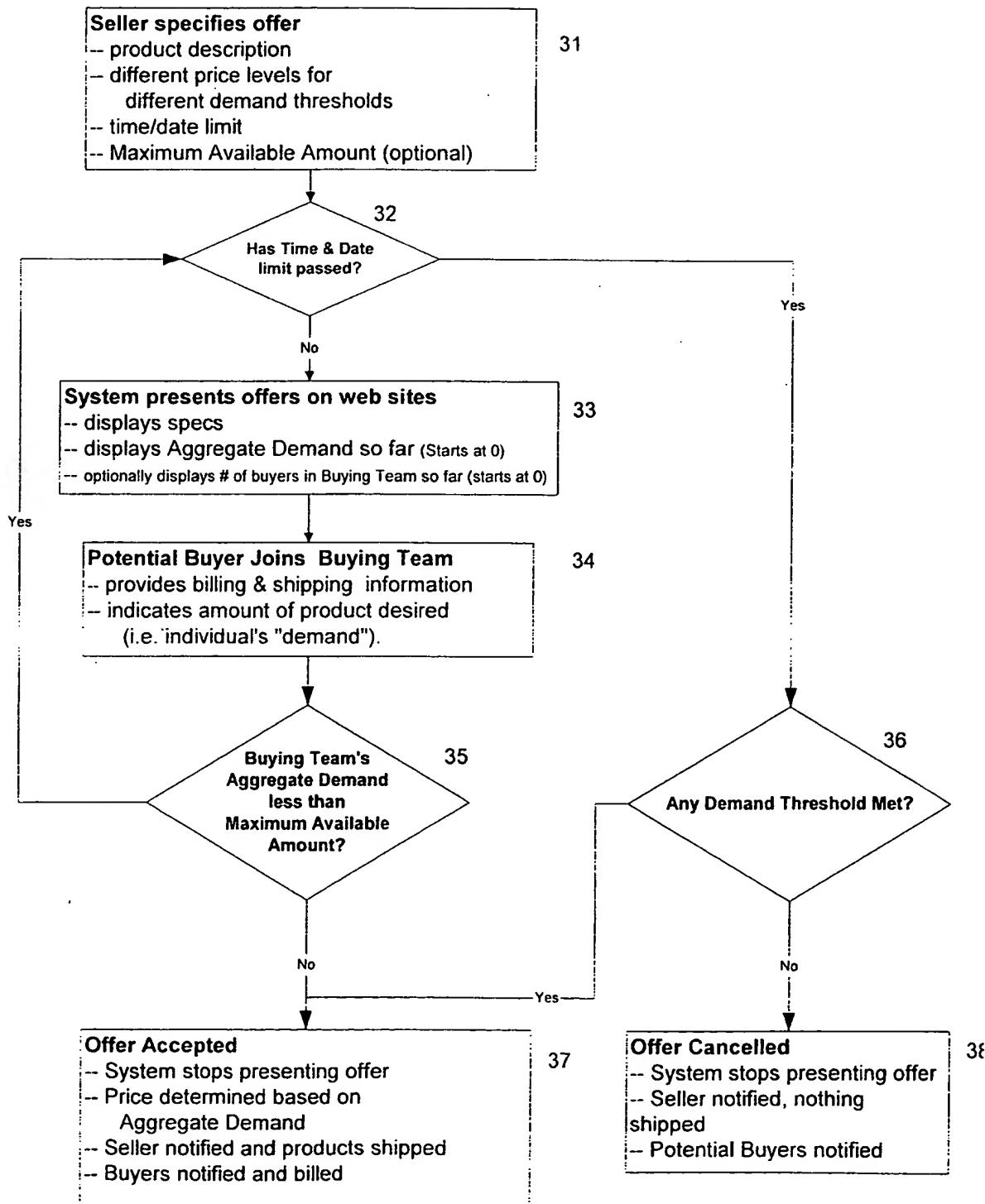
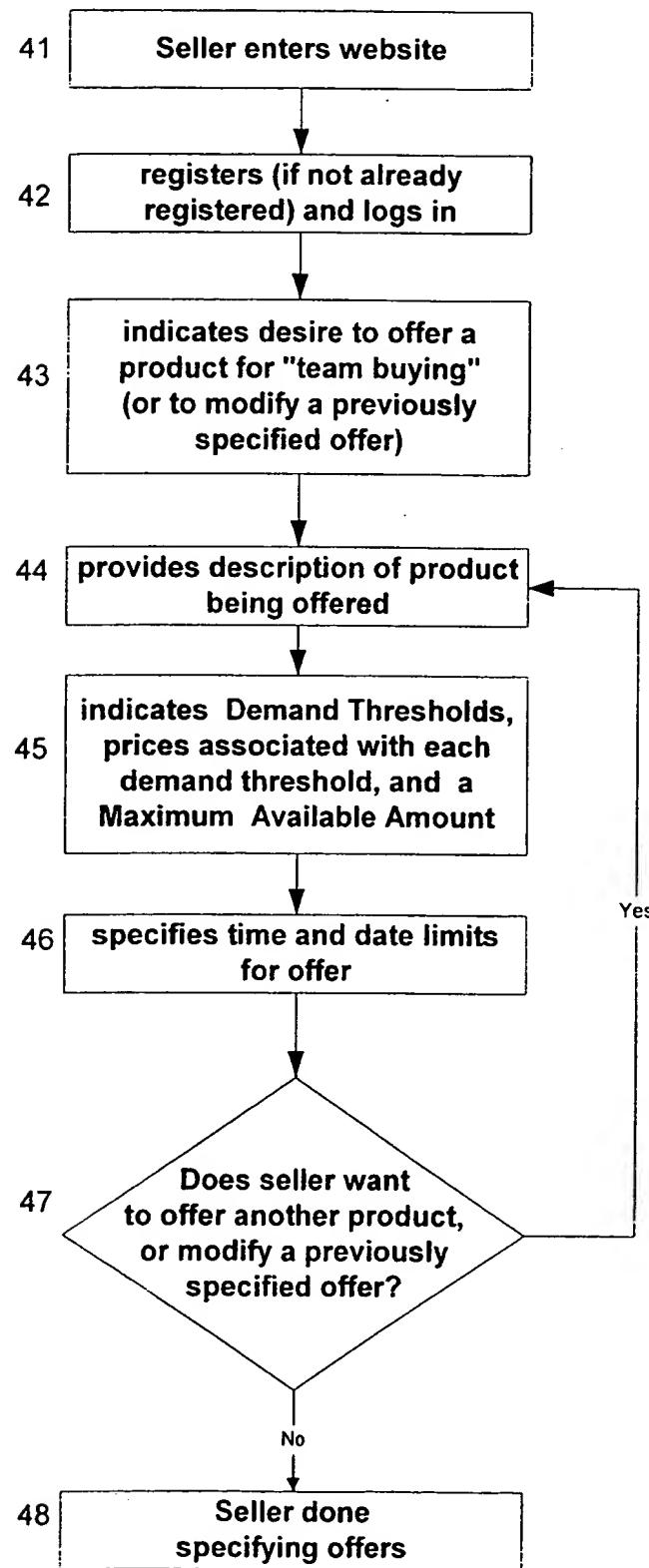
**Figure 1**

Figure 2 (Web Page layout)

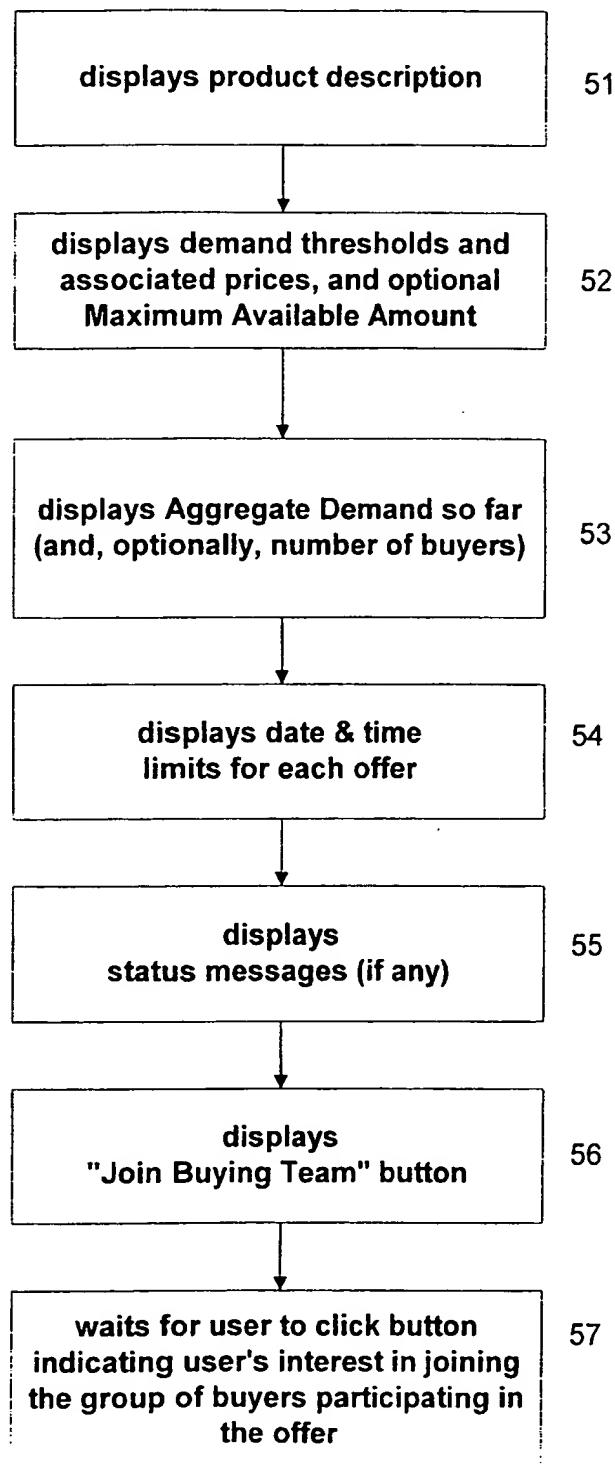


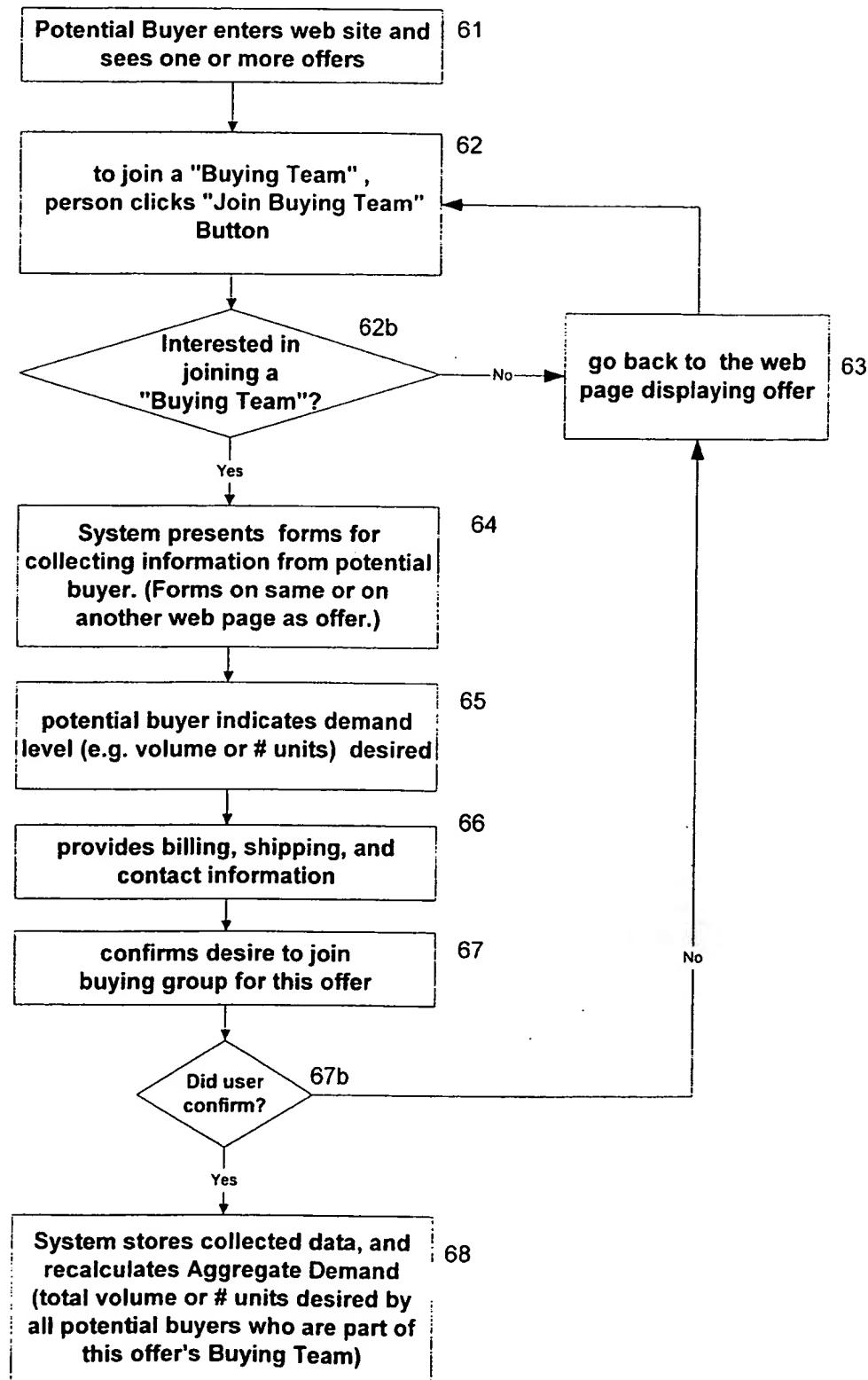
**Figure 3 -- High level diagram of overall process**

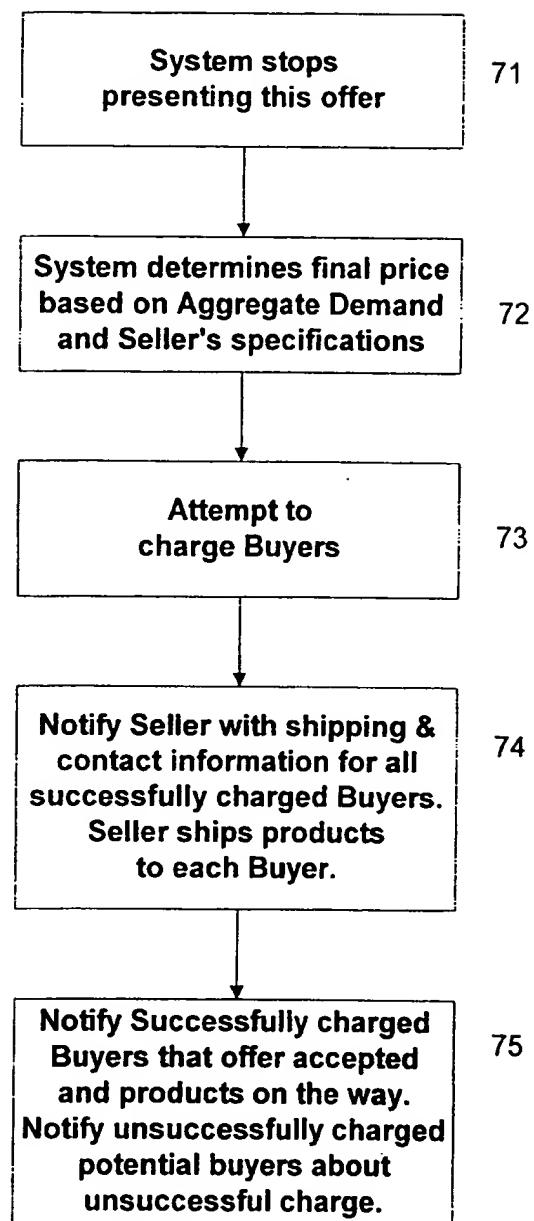


**Figure 4 - Seller Specifies Offer**

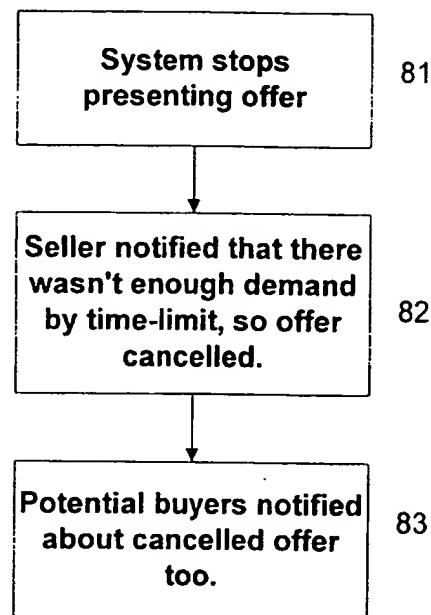
**Figure 5 - System Presents Offers on Web Sites**  
**(The following is for each offer displayed on each**  
**participating web site)**



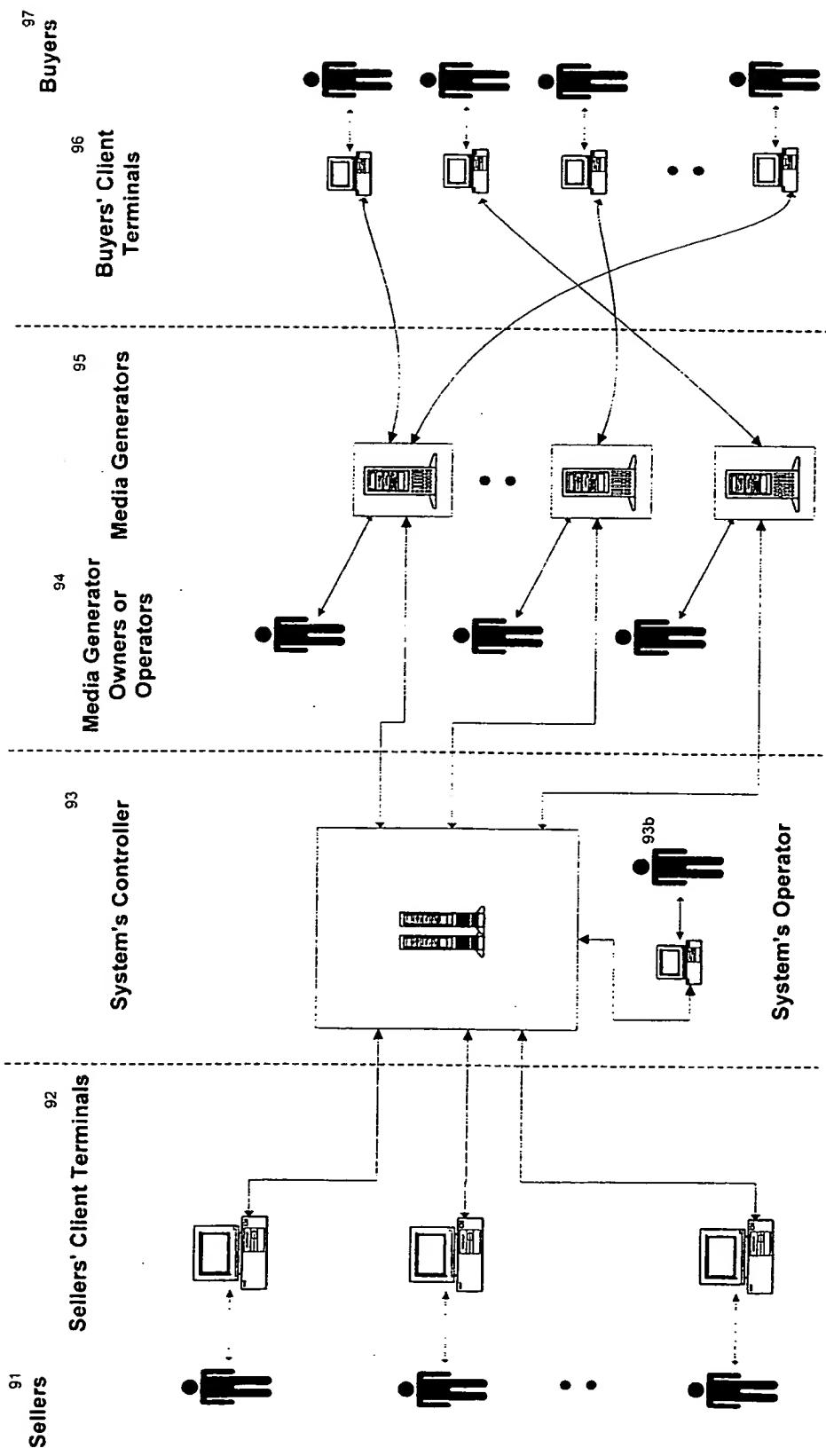
**Figure 6 - Potential Buyer Joins "Buying Team"**

**Figure 7 - Offer Accepted**

**Figure 8 - Offer Cancelled**



**Figure 9 (Alternate Embodiment)**  
 Offers appear on multiple web sites run by operators  
 who may be different from the System Operator



## INTERNATIONAL SEARCH REPORT

International application No.  
PCT/US99/18879

## A. CLASSIFICATION OF SUBJECT MATTER

IPC(6) : G06P 17/00

US CL : 705/26

According to International Patent Classification (IPC) or to both national classification and IPC

## B. FIELDS SEARCHED

Minimum documentation searched (classification system followed by classification symbols)

U.S. : 705/26, 4, 1, 28, 37, 39; 380/4, 25

Documentation searched other than minimum documentation to the extent that such documents are included in the fields searched

Electronic data base consulted during the international search (name of data base and, where practicable, search terms used)

DIALOG, EAST, STN

## C. DOCUMENTS CONSIDERED TO BE RELEVANT

Category*	Citation of document, with indication, where appropriate, of the relevant passages	Relevant to claim No.
Y,P	US 5,799,284 A (BOURQUIN) 25 August 1998, col. 2, lines 60-67; col. 3, line 67; col. 4, lines 1-6.	1-14
Y,P	US 5,913,210 A (CALL) 15 June 1999, col. 3, lines 42-58; col. 12, lines 1-27.	1-14
Y	US 5,794,207 A (WALKER et al.) 11 August 1998, col. 8, lines 28-67; col. 9, lines 1-67; col. 10, lines 18-22; col. 14, lines 30-52; col. 20, lines 18-29.	1, 3-4, 6, 7-14
Y,P	US 5,890,137 A (KOREEDA) 30 March 1999, col. 2, lines 30-56.	1-14
Y	US 5,727,165 A (ORDISH et al.) 10 March 1998, col. 4, lines 63-66.	2

<input checked="" type="checkbox"/>	Further documents are listed in the continuation of Box C.	<input type="checkbox"/>	See patent family annex.
* A	Special categories of cited documents:	"T"	later document published after the international filing date or priority date and not in conflict with the application but cited to understand the principle or theory underlying the invention
* A	document defining the general state of the art which is not considered to be of particular relevance	"X"	document of particular relevance; the claimed invention cannot be considered novel or cannot be considered to involve an inventive step when the document is taken alone
* B	earlier document published on or after the international filing date	"Y"	document of particular relevance; the claimed invention cannot be considered to involve an inventive step when the document is combined with one or more other such documents, such combination being obvious to a person skilled in the art
* L	document which may throw doubts on priority claim(s) or which is cited to establish the publication date of another citation or other special reason (as specified)	"&"	document member of the same patent family
* O	document referring to an oral disclosure, use, exhibition or other means		
* P	document published prior to the international filing date but later than the priority date claimed		

Date of the actual completion of the international search

27 OCTOBER 1999

Date of mailing of the international search report

12 NOV 1999

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## INTERNATIONAL SEARCH REPORT

International application No.

PCT/US99/18879

## C (Continuation). DOCUMENTS CONSIDERED TO BE RELEVANT

Category*	Citation of document, with indication, where appropriate, of the relevant passages	Relevant to claim No.
Y,P	US 5,835,896 A(FISHER et al.) 10 November 1998, fig. 12, [94, 97-98, 155]; fig. 14, [181, 183-185]; col. 2, lines 20-33.	5, 13-14